

Message Text

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ACTION EB-07

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TAGS: EINV, IT

SUBJECT: CATERING AND AIR-FLIGHT SERVICES AT ROME AIRPORT-
MARRIOTT PROBLEM

REF: A) ROME 1243; B) ROME 0915

SUMMARY - UNDER 1973 LAW, GOI HAS JUST TURNED OVER ROME AIRPORT
FOOD CONCESSIONS, INCLUDING AIRFLIGHT CATERING, TO ALITALIA SUB-
SIDIARY, TO DETRIMENT OF MARRIOTT CORPORATION SUBSIDIARY WHICH HAS
HANDLED CONCESSIONS IN THE PAST, AND ADVERSELY AFFECTING
TWA SERVICES. ECMIN HAS RAISED MATTER WITH SENIOR MINISTRY OF
TRANSPORATION OFFICIAL, WHO, WHILE NOT HOPEFUL FOR SOLUTION,
WILL BRING EVIDENCE OF OUR INTEREST TO MINISTER. END SUMMARY.

1. LAW NO. 755 OF NOVEMBER 10, 1973 ENTRUSTED OPERATION OF ROME
AIRPORT SYSTEM AND SERVICES TO IRI-OWNED COMPANIES AND PROVIDED
FOR TERMINATION, ON JUNE 30, 1974, OF EXISTING CONCESSIONS FOR
OPERATION OF THESE SERVICES. SOCIETA' AEROPORTI ROMA (A.R.)
WAS ORGANIZED BY IRI FOR THIS PURPOSE. A.R. HAS SELECTED SOGEMI,
AN ALITALIA SUBSIDIARY TO OPERATE AIRPORT BAR, RESTAURANT, AND
IN-FLIGHT KITCHEN CONCESSIONS. FRATELLI DE MONTIS S.R.I. ROME,
WHOLLY OWNED SUBSIDIARY OF MARRIOTT CORPORATION, HAS BEEN OPER-
ATING CONCESSIONS WITHIN ROME AIRPORSTS. DE MONTIS ALSO OPERATES
AIRLINE CATERING FACILITY IN AN INSTALATION OUTSIDE AIRPORT.
DE MONTIS' CONCESSION INSIDE AIRPORT WAS TERMINATED JANUARY 20.

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2. ON JANUARY 22 AIRPORT AUTHORITIES ORDERED DE MONTIS TO VACATE

ITS AIRPORT PROPERTIES WITHIN 48 HOURS, REMOVE ALL EQUIPMENT, AND TERMINATE ITS BAR AND RESTAURANT OPERATIONS. DE MONTIS, IN LETTER TO MINISTER OF TRANSPORT MARTINELLI OF JANUARY 22, URGED THAT MINISTRY ACCEPT A COMPROMISE UNDER WHICH MARRIOTT WOULD OFFER TO SOGEMI AND A.R. ITS BAR, RESTAURANT AND INFLIGHT CONCESSIONS AT AIRPORT AFTER PROPERTY HAD BEEN FAIRLY EVALUATED. THIS WOULD LEAVE MARRIOTT FREE TO PROVIDE INFLIGHT KITCHEN SERVICES FROM ITS OUTSIDE FACILITIES. MINISTRY HAS NOT ACTED ON THIS PROPOSAL.

3. PROBLEM COMPLICATED BY FACT THAT TWA, WHICH HAS BEEN SERVED BY DE MONTIS, IS EXTREMELY CONCERNED THAT INFLIGHT SERVICES WILL DETERIORATE RAPIDLY IF CONCESSION IS NOT OPERATED BY DE MONTIS. TWA HAS A WORLDWIDE CONTRACT FOR SUCH A SERVICES WITH MARRIOTT. PAN AM HAS ITS OWN INFLIGHT KITCHEN CATERING SERVICE AT THE AIRPORT.

4. ON JANUARY 25, 1975 AIRPORT AUTHORITIES, ACCOMPANIED BY POLICE, EVICTED FIRM FROM ROME AIRPORT. NO INVENTORY WAS TAKEN AND NO ONE WAS APPOINTED TO TAKE CUSTODY OF EQUIPMENT OWNED BY FRATELLI DE MONTIS. THESE ASSETS HAVE BEEN TURNED OVER TO SOGEMI, WHICH IS REPORTED TO BE USING THEM FOR CATERING.

5. AT REQUEST OF DE MONTIS, ECMIN ON JANUARY 30 CALLED ON MINISTRY OF TRANSPORTATION CHEF DE CABINET DAVID COLLINI TO DISCUSS PROBLEM. COLLINI STATED HIS MINISTER WAS FULLY INFORMED AND WHILE HE WAS SYMPATHETIC THE CASE IS A DISPUTE FOR CIVIL LAW. MINISTRY HAS NO DIRECT AND VIRTUALLY NO INDIRECT INFLUENCE OVER WHAT GOVES ON BETWEEN SOGEMI AND DE MONTIS. MINISTRY LEGAL ADVISOR HAS BEEN OVER THE CASE IN DETAIL AND FOUND NO CASE IN LAW. COLLINI ADDED THAT AIRPORT UNIONS HAVE INSISTED ALL ALONG THAT CATERING AND FOOD SERVICES BE TURNED OVER TO AN IRI ORGANIZATIONS, SINCE UNIONS BELIEVE THEY CAN MORE EASILY INFLUENCE STATE-OWNED COMPANIES.

6. ECMIN INFORMED COLLINI THAT WHILE EMBASSY DOES NOT AND CULD NOT TAKE POSITION CONCERNING POINTS OF ITALIAN LAW, WE HOPED THAT SOMETHING COULD BE DONE TO AVOID GIVING IMPRESSION OF UNFAIR TREATMENT FOR A FOREIGN OWNED FIRM. ECMIN SUGGESTED THAT THE DE MONTIS LETTER OF JANUARY 22 COULD FURNISH BASIS FOR REASONABLE AND QUITABLE SOLUTION. COLLINI SAID THAT HE WOULD BRING EVIDENCE OF EMBASSY INTEREST TO THE ATTENTION OF MINISTRY MARTINELLI.

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COMMENT - ABOVE BACKGROUND MAY BE USEFUL TO DEPARTMENT IN VENT THAT MARRIOTT OR TWA ASKED DEPARTMENT FOR EMBASSY'S ASSISTANCE. WHILE AT PRESENT THERE IS LITTLE WE CAN DO TO ASSURE THAT DE MONTIS RETAINS THE CONCESSION, WE BELIEVE IT UNLIKELY THAT GOI WILL IGNORE OUR EXPRESSION OF INTEREST AND WILL ENSURE, AT THE LEAST, THAT DE MONTIS RECEIVES A REASONABLY FAIR EVALUATION ON ITS PROPERTIES. DE MONTIS WOULD BE SATISFIED TO GIVE THEM UP AT A REASONABLE PRICE PROVIDED IT COULD CONTINUE TO SERVE INTER-

NATIONAL AIRLINES FROM ITS INFLIGHT FACILITIES OUTSIDE FIUMICINO.
EMBASSY IS NOT AS OPTIMISTIC AS DE MONTIS THAT MAJOR AIRLINES
WILL CONTINUE TO DO BUSINESS WITH IT ONCE SOGEMI IS OPERATING
FROM WITHIN THE AIRPORT. VOLPE

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